



MEETING OF MAY 16, 2023

TO: Mayor Jordan and City Council
THRU: Peter Nierengarten, Environmental Director
Susan Norton, Chief of Staff
FROM: Chris McNamara, Sustainability Project Manager
DATE:
SUBJECT: **Dissolution of Energy Improvement District 1:**

RECOMMENDATION:

Staff recommends the City Council Repeal Article XXVI ENERGY IMPROVEMENT DISTRICT NO. 1 in Chapter 33 Departments, Boards, Commissions and Authorities of the Fayetteville Code and abolish the Energy Improvement District No. 1.

BACKGROUND:

The purpose of Energy Improvement District 1 (EID 1) was to operate a Property Assessed Clean Energy (PACE) district in Fayetteville and Springdale that allows property owners to borrow money for weatherization, energy efficiency, renewable energy or water conservation improvements to their property.

PACE enabling legislation was passed by the Arkansas Legislature in the 2013 session and signed by the Governor in April 2013. That legislation allows Cities, Counties or the State to create Energy Improvement Districts within the State of Arkansas.

On October 15, 2013, the Fayetteville City Council passed Ordinance No. 5624, which created Energy Improvement District No. 1. pursuant to Ark. Code Ann. § 8-15-101 to manage PACE for the City of Fayetteville. In August 2015, the Energy Improvement District executed Arkansas' first and only PACE project in EID 1, which included weatherization and energy efficiency improvement on a Fayetteville Office Building.

On December 16, 2015, the City Council of the City of Springdale passed Ordinance No. 5001, authorizing Springdale to participate in Property Assessed Energy Improvement District No. 1. and on November 14, 2016, the City of Springdale joined EID 1.

DISCUSSION:

In the nine years since its inception in 2013, EID 1 has only advanced one project through the PACE program. Efforts were made throughout these years by the district administrators, board members and qualified contractors to advance projects through the district. However, economic forces, other incentive programs and limited buy-in from the community prevented potential projects from utilizing the PACE district.

In the summer of 2022, Springdale notified EID 1 that it would exit the district at the end of the year due to lack of activity in the district. On December 12th, 2022, the EID 1 board voted to dissolve the district. Board

Mailing address:

113 W. Mountain Street
Fayetteville, AR 72701

www.fayetteville-ar.gov

members unanimously agreed that the limited success of the program along with the resources and time required from board members and city staff to maintain the district justified closure of the district.

Attachment - EID 1_Dissolution Resolution, is a signed resolution from the EID 1 board recommending dissolving the district.

BUDGET/STAFF IMPACT:

Energy Improvement District No. 1 is legally and financially independent of the City of Fayetteville and the City of Springdale and there is no budget impact associated with the closure of Energy Improvement District No. 1.

ATTACHMENTS: SRF - District Closure, EID 1_Dissolution Resolution